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ABSTRACT

A review was conducted of two issues related to the participation rate requirements of the Job Opportunities and Basic Skills (JOBS) component of the Family Support Act of 1988: (1) the extent to which states have served those most at risk of long-term welfare dependency--the least job-ready--relative to other Aid for Families with Dependent Children (AFDC) recipients; and (2) the extent to which states have provided this targeted group of welfare recipients with education and training rather than job search activities for fiscal year 1991. Data reviewed included reports of monthly data for October 1990 through September 1991 for 49 states and the District of Columbia reported to the Department of Health and Human Services. These reports included information on the number of target and nontarget group families served each month, as well as on the placement of these families in the various JOBS activities available. Some of the results of the evaluation were the following: (1) concerns that JOBS participation-rate requirements may be discouraging states from serving the least job-ready AFDC recipients, including providing them with education and training, are not supported by the review of data--all but one state met the 7 percent participation rate and all spent at least 55 percent of their JOBS budgets on target group members; (2) of the AFDC recipients served by states in JOBS during the period, 62 percent were target group members; (3) these target group members were most often placed in education and training activities, with no more than 12 percent placed in job search activities; and (4) one in three target placements, compared with one in four nontarget placements, were in secondary and remedial educational activities. (KC)

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United States General Accounting Office

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Report to the Honorable
Daniel Patrick Moynihan, U.S. Senate

November 1992

WELFARE TO WORK

States Serve Least Job-Ready While Meeting JOBS Participation Rates

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Human Resources Division

B-250272

November 12, 1992

The Honorable Daniel Patrick Moynihan
United States Senate

Dear Senator Moynihan:

In December 1991, you requested that we review two issues related to the participation rate requirements of the Job Opportunities and Basic Skills Training (JOBS) component of the Family Support Act of 1988. This report addresses your concern that federal requirements related to serving an increasing percentage of recipients of Aid to Families With Dependent Children (AFDC) may be inadvertently discouraging states from serving those most at risk of welfare dependency and providing them education and training services. As agreed, to respond to this concern, we determined the extent to which states have (1) served those most at risk of long-term welfare dependency—the least job-ready—relative to other AFDC recipients and (2) provided this targeted group of welfare recipients with education and training rather than job search activities. Our findings are applicable only to fiscal year 1991, the most recent year for which data were available. As program requirements change in future years, outcomes also may change. A subsequent report will address your second concern, whether participation rates are comparably derived across states and provide a fair basis for assessing state performance.

In enacting the Family Support Act, the Congress intended that JOBS should serve as a principal pathway from welfare to work for AFDC recipients. To encourage state JOBS programs to serve increasing numbers of AFDC recipients and those most at risk of welfare dependency, the Congress legislated provisions that reduce federal funding for states not meeting minimum participation rates and targeting requirements. States that do not meet participation rates, starting at 7 percent in 1991 and rising to 20 percent by 1995, or spend at least 55 percent of their JOBS program resources on the target group—the least job-ready—receive less federal funding. The Congress also emphasized the importance of education and training for target group members who, it believed, needed to improve their skills to become and remain self-sufficient. However, states were given discretion to determine the types of services participants, including target group members, would receive.

The American Public Welfare Association, several states, and others have expressed concern that the Congress's objectives may conflict in practice. In determining participation rates as defined by the Department of Health

and Human Services (HHS), states may count only those individuals whose combined hours of participation in JOBS activities average at least 20 hours a week.[1] Critics of this 20-hour standard maintain that available education and training activities are often scheduled for less than 20 hours a week. They believe that this standard makes it difficult for states to meet the participation rates while emphasizing the provision of education and training to those at risk of long-term welfare dependency. This, in turn, could result in states' reducing the number of target group members they serve or not providing them the education and training the Congress deemed appropriate.

Results in Brief

For fiscal year 1991, concerns that JOBS participation-rate requirements may be discouraging states from serving the least job-ready AFDC recipients, including providing them education and training, are not supported by our review of data states report to HHS. As reported by HHS, all but one state met the 7 percent participation rate for fiscal year 1991 and all spent at least 55 percent of their JOBS budgets on target group members. Of those AFDC recipients served by states in JOBS during this period, 62 percent were target group members. These target group members were most often placed in education and training activities, with no more than 12 percent placed in job search activities. In addition, one in three target placements, compared with one in four nontarget placements, were in secondary and remedial educational activities.

Background

The Family Support Act of 1988 authorizes about $1 billion in federal funds for JOBS each year. These funds are allocated among the states based on their share of the national AFDC population. Generally, the federal government will fund from 50 to 90 percent of each state's program costs, limited to the state's federal allocation.[2] However, the federal share of all JOBS expenditures could be reduced to 50 percent for states that do not meet minimum participation and targeting requirements. To obtain the highest level of federal funding, states must serve a certain proportion of

[1]States may count the largest number of individuals whose combined and averaged weekly hours of participation equal or exceed 20 hours a week.

[2]The federal government shares in the costs of a state's JOBS program at three different levels. First, for direct costs of providing services and full-time staff, the federal share is 60 to 80 percent, depending on a state's average per capita income. Second, for administrative and support services costs, the federal share is 50 percent. Third, for each state's level of JOBS spending, up to the amount expended on certain fiscal year 1987 welfare-to-work activities, the federal share is 90 percent.

their AFDC recipients that are mandated to participate in JOBS.[3] An initial participation rate of 7 percent for fiscal year 1991 increases to 11 percent in 1992 and 1993, 15 percent in 1994, and 20 percent in 1995. In addition, states must spend at least 55 percent of their JOBS budgets on a target group comprised of the following:

- recipients and applicants who have received AFDC for any 36 of the preceding 60 months,
- custodial parents under the age of 24 who (1) have not completed a high school education and are not enrolled in high school or high school equivalency courses or (2) have little or no work experience in the preceding year, or
- members of families about to lose AFDC eligibility because of the age of the youngest dependent child.

Scope and Methodology

To address your concern that target group members may not be served, we reviewed and summarized monthly data for the period October 1990 through September 1991 that 49 states and the District of Columbia reported to HHS.[4, 5] These reports include information on the number of target and nontarget group families served each month, as well as on the placement of these families in the various JOBS activities available.[6] In summarizing these data, we calculated averages for the 12 months of fiscal year 1991. The data reported do not provide a count of the total number of families served during the year. Other limitations in these data are noted in this report where appropriate.

We conducted our work between April and August 1992 in accordance with generally accepted government auditing standards. We did not verify the data states provided to HHS or its calculations of participation rates.

[3]All AFDC recipients aged 16 to 59 are mandated to participate in JOBS unless exempted. Those exempted include recipients who are caring for children under 3 years of age, working 30 or more hours per week, attending high school, or ill or incapacitated. However, those exempted may volunteer for JOBS and states may count both voluntary and mandatory recipients towards meeting the participation and targeting requirements.

[4]Data are from HHS form FSA-104, Administration for Children and Families. Fiscal year 1991 reports for Montana were not available at the time we did our review.

[5]In this report, the District of Columbia is referred to as a state.

[6]For these reports, participation is defined as any level of involvement or participation in JOBS and differs from the special definition of participation used to determine the federal participation rate discussed on p. 2.

Target Group Members Represent Majority of JOBS Participants

Nationwide, an average of about 286,000, or 62 percent, of almost 459,000 families[7] in JOBS each month during fiscal year 1991 were target group members. These numbers include families that received an initial or follow-up assessment of their needs and employability[8] and those that were placed in JOBS activities, such as education, training, or job search, after initial assessment. As shown in table 1, the proportion of JOBS participants who were target group members ranged from 33 percent in Arizona to 89 percent in Oklahoma.[9]

Table 1: Average Monthly Number of and Percentage of Target and Nontarget JOBS Participants by State (Fiscal Year 1991)

State	Average monthly				
	Number of JOBS participants	Number of target group members	Percent who are target group members	Number of nontarget group members	Percent who are nontarget group members
Oklahoma[a]	12,601	11,217	89	1,384	11
Louisiana	3,121	2,656	84	465	16
Arkansas	10,075	7,972	80	2,103	20
Massachusetts	20,683	16,150	78	4,533	22
Mississippi	1,541	1,198	77	343	23
Wyoming[b]	941	736	77	205	23
Michigan	38,393	29,270	76	9,123	24
Alaska[a]	250	191	75	59	25
Alabama	2,979	2,209	75	770	25
Texas	11,886	8,745	74	3,140	26
California	60,046	43,877	73	16,168	27
Minnesota	9,188	6,517	71	2,671	29
Idaho	520	366	70	155	30

(continued)

[7]States generally were required to report on families, with limited data required on individuals. However, five states were unable to report on families and reported on individuals instead. Based on the data available for both families and individuals, we determined that generally families had only one member participating in JOBS. For the purposes of this report, we consider each family to have one individual in JOBS.

[8]Each JOBS participant must receive an initial assessment of employability based on his or her educational, child care, and other support services needs; employment-related skills, deficiencies, and experiences; and a review of family circumstances. This information must then be used to develop an employability plan for the individual. During fiscal year 1991, the average monthly number participating in assessment and employability plan development was 113,137, of which 70,449 were target group members.

[9]In interpreting these data, it should be noted that some states may have to reach more deeply into their pool of AFDC recipients to serve the same proportions of target group members as other states. This is because states' AFDC caseloads vary as to the relative shares of target and nontarget group members. In early fiscal year 1991, states provided us estimates of the proportion of their AFDC adults who were target group members; these estimates ranged from less than 20 to 80 percent or more.

State	Average monthly Number of JOBS participants	Number of target group members	Percent who are target group members	Number of nontarget group members	Percent who are nontarget group members
New Mexico	4,643	3,215	69	1,428	31
Maryland	4,848	3,357	69	1,491	31
Illinois	12,495	8,334	69	4,162	31
Hawaii[a]	106	70	68	36	32
Iowa	5,662	3,773	67	1,889	33
North Carolina[c]	3,374	2,276	67	1,098	33
Maine[a]	2,880	1,908	66	972	34
Missouri	1,709	1,102	65	607	35
Tennessee	1,510	958	65	552	35
South Carolina	4,018	2,549	64	1,468	36
New Jersey	28,273	18,644	64	9,629	36
Rhode Island	2,258	1,433	63	825	37
Wisconsin	23,602	14,617	62	8,985	38
National average			62		
Nevada[a]	1,635	986	60	649	40
Utah	7,316	4,409	60	2,907	40
West Virginia	17,373	10,362	60	7,011	40
Colorado	3,800	2,274	60	1,525	40
Virginia	9,376	5,610	59	3,766	41
District of Columbia	3,237	1,911	59	1,326	41
Oregon	4,871	2,843	59	2,028	41
New York	19,488	11,958	59	7,530	41
Georgia	5,374	3,149	58	2,225	42
Kansas	2,815	1,562	55	1,252	45
Nebraska[b]	6,702	3,597	54	3,105	46
Vermont	2,380	1,252	53	1,128	47
North Dakota	1,732	915	51	817	49
Connecticut	20,357	10,407	51	9,950	49
Delaware[a]	898	456	51	441	49
Washington	6,713	3,147	47	3,567	53
Florida	19,874	9,032	45	10,843	55
Indiana	2,453	1,216	45	1,237	55
Kentucky	7,517	3,211	42	4,306	58
Pennsylvania	23,556	8,467	36	15,089	64
Ohio	26,888	9,501	35	17,387	65
Arizona	1,643	594	33	1,049	67

(Table notes on next page)

Note: Data for these calculations were not available for Montana, New Hampshire, and South Dakota.

[a]Due to missing data, averages for this state are based on 9 rather than 12 months of data.

[b]For fiscal year 1991, HHS granted a waiver to this state to replace the federally designated target group with alternate target groups, as allowed by the Family Support Act when characteristics of a state's AFDC caseload are deemed to make it infeasible for a state to meet the targeting requirement. New Hampshire was also granted such a waiver.

[c]Due to missing data, the averages for this state are based on 11 rather than 12 months of data.

More Target Group Placements Were in Education and Training Than in Job Search and Job Readiness Activities

More target group members' placements during fiscal year 1991 were in education and training than in job search and job readiness activities, as shown in table 2.[10] Of those target placements after the initial needs and employability assessments, the vast majority, 73 percent, were in education and training compared with 19 percent in job search and job readiness activities.

[10]For the purposes of federal reporting on JOBS program activities, states counted participants in each activity in which they were active during 1 month. For example, an individual participating in a remedial education class and in a job readiness class during 1 month would be counted in both activities. Therefore, we considered the data on activities, when combined, to represent placements rather than individuals.

Table 2: Average Monthly Number of and Percentage of Target Placements by JOBS Activity (Fiscal Year 1991)

JOBS activity	Average monthly	
	Number of target placements	Percent of target placements
Education and training:		
Secondary or remedial educational activities, such as high school, General Educational Development preparation, English- as-a-Second Language classes, or remedial educational activity	82,452	
Postsecondary education	22,270	
Job skills training	40,024	
Self-initiated education or training	24,084	
On-the-job training	2,278	
Work supplementation	407	
Subtotal	**171,516[a]**	**73**
Job search	28,876	12
Job readiness	16,338	7
Community work experience	7,522	3
Other approved activities[b]	10,991	5
Total	**235,243**	**100**

Note: A JOBS participant may be placed and counted in more than one activity during a month.

[a]Does not equal the sum of the items above due to rounding.

[b]States may include other education, training, and employment-related activities, excluding public service employment, among their JOBS activities, as long as such activities were included in a state's JOBS plan, which must be approved by HHS.

In 25 states, 73 percent or more of the target placements were in education and training, as shown in table 3. More than two-thirds of all the states had 65 percent or more of their target placements in education and training.

Table 3: Average Monthly Percentage of Target Placements in Education and Training by State (Fiscal Year 1991)

State	Average monthly percent of target group placements in education and training	State	Average monthly percent of target group placements in education and training
Kentucky	96	National average	73
Rhode Island	91	Texas	72
Alabama	89	Maryland	72
Louisiana	88	Idaho	70
Delaware[a]	87	Maine[a]	68
Georgia	86	Colorado	67
California	86	Iowa	66
New Jersey	86	Arizona	66
Kansas	85	New Mexico	66
Tennessee	85	Wisconsin	65
Missouri	82	Ohio	60
New York	80	Washington	59
Illinois	78	West Virginia	59
Pennsylvania	78	Utah	59
Oklahoma[a]	78	Hawaii[a]	58
Arkansas	77	Alaska[a]	58
Connecticut	77	Oregon	58
North Dakota	77	District of Columbia	57
Michigan	77	South Carolina	57
Mississippi	76	Wyoming	56
North Carolina[b]	76	Vermont	53
Massachusetts	75	Virginia	52
Indiana	75	Florida	51
Nevada[a]	74	Nebraska	51
South Dakota	73	Minnesota	42

Note: Data for these calculations were not available for Montana and New Hampshire.

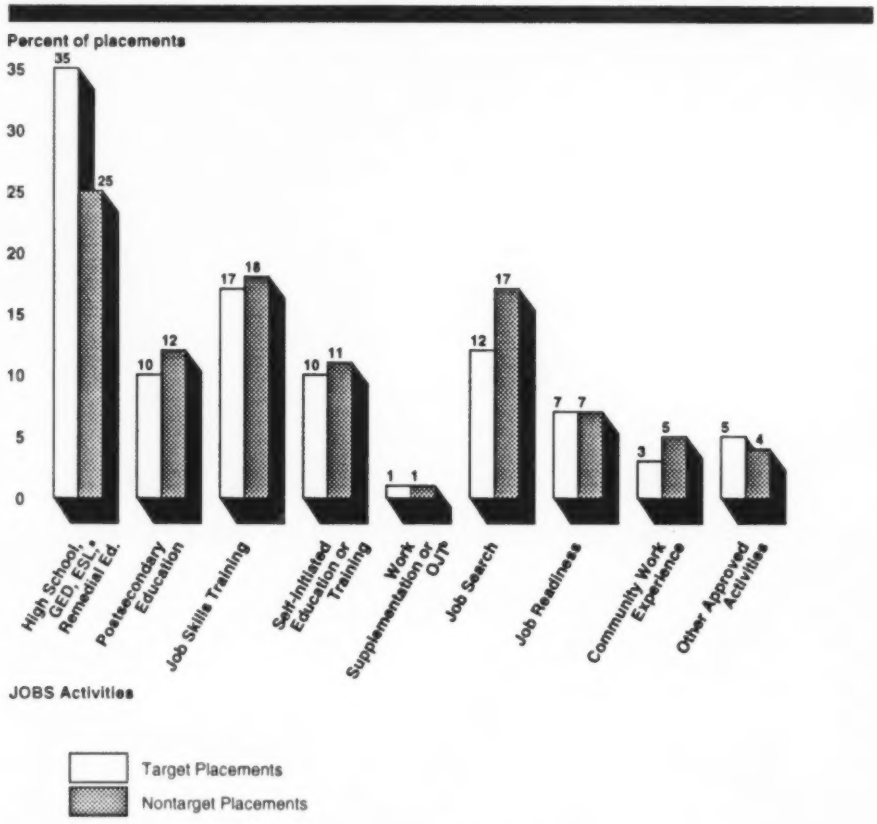
[a]Due to missing data, the average for this state is based on 9 rather than 12 months of data.

[b]Due to missing data, the average for this state is based on 11 rather than 12 months of data.

Nationwide, a larger share of target placements were in secondary or remedial educational activities than nontarget placements, as shown in figure 1. One in three target placements, compared with one in four nontarget placements, were in such educational activities. In all but five

states, a greater share of target than nontarget placements were in secondary or remedial education activities. Nationally, the differences between the placements were not as great for other activities.

Figure 1: Comparison of the Average Monthly Percentage of Target and Nontarget Placements by JOBS Activity Nationwide (Fiscal Year 1991)



[a] General Educational Development preparation, English-as-a-Second Language classes.

[b] On-the-job training.

HHS Reported Almost All States Met Fiscal Year 1991 Participation and Targeting Requirements

While providing the least job-ready with education and training, states also adhered to the participation and targeting objectives. For fiscal year 1991, the first year in which both participation rates and targeting requirements applied, HHS reported that all but one state met the 7 percent participation rate and all states spent at least 55 percent of their JOBS program budgets on target group members.

We did not request written agency comments on this report, but discussed its contents with HHS officials in the Administration for Children and Families, who agreed with our findings. We incorporated their comments, as appropriate.

We are sending copies of the report to the Chairman, Senate Committee on Finance; Acting Chairman, Subcommittee on Human Resources, House Committee on Ways and Means; Secretary of Health and Human Services; Assistant Secretary for Children and Families; state JOBS directors; and other interested parties. Copies also will be made available to others on request. If you have any questions concerning this report or need additional information, please call me on (202) 512-7215. Other major contributors are listed in appendix I.

Sincerely yours,

Edward a Klensmore

for Joseph F. Delfico
Director, Income Security Issues

Major Contributors to This Report

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Related GAO Products

Welfare to Work: Implementation and Evaluation of Transitional Benefits Need HHS Action (GAO/HRD-92-118, Sept. 29, 1992).

Unemployed Parents: An Evaluation of the Effects of Welfare Benefits on Family Stability (GAO/PEMD-92-19BR, Apr. 29, 1992).

Welfare to Work: Effectiveness of Tribal JOBS Programs Unknown (GAO/HRD-92-67BR, Mar. 19, 1992).

Unemployed Parents: Initial Efforts to Expand State Assistance (GAO/PEMD-92-11, Jan. 14, 1992).

Welfare to Work: States Begin JOBS, but Fiscal and Other Problems May Impede Their Progress (GAO/HRD-91-106, Sept. 27, 1991).

Mother-Only Families: Low Earnings Will Keep Many Children in Poverty (GAO/HRD-91-62, Apr. 2, 1991).

Welfare: Expert Panels' Insights on Major Reform Proposals (GAO/HRD-88-59, Feb. 3, 1988).

Work and Welfare: Current AFDC Work Programs and Implications for Federal Policy (GAO/HRD-87-34, Jan. 29, 1987).

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